GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4479
ANSWERED ON:19.05.2006
BLACK MONEY
Nikhil Kumar Shri

Will the Minister of FINANCE be pleased to state:

(a) whether the Income tax authorities has recently found a whooping Rs. 1540 crore black money transacted in a branch of Federal Bank of India (FBI) as reported in The Time of India dated February 5, 2006;

(b) if so, the facts and details thereof;

(c) the modus operandi of the scam and whether the officials of the banks are involved with scamsters; and

(d) if so, the steps taken by the Government to check such money laundering scam and also take panel action against the guitty without delay?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) The Income tax authorities, during the course of enquiries carried out in October 2005, have found deposits amounting to around Rs. 1500 crore in bank accounts maintained by three entities in the Fatehpuri Branch, Delhi of Federal Bank of India.

(b) and (c) Enquiries carried out in respect of the three entities have revealed that they were accepting demand drafts from various businessmen which were subsequently deposited in their bank accounts and cash was paid after deducting a small percentage by way of commission. These entities have failed to offer any explanation with regard to the source of these deposits and destination of the withdrawals.

Preliminary enquires do not indicate any involvement of the bank officials in these cases.

(d) The Government have Introduced the Banking Cash Transaction Tax with effect from 1st June, 2005 to check the trail of large cash withdrawals made through banking channels. Appropriate action as per law is taken against the persons found guilty of evading tax.